

DEPARTMENT OF AGRICULTURE  
Rural Electrification Administration

LW-M1  
8-20-45

Administrative Memorandum

SUBJECT: Responsibilities for Execution of Section 5 Loan Program  
Exclusive of Refrigeration Locker Plants

1. Responsibilities for the activities concerned with execution of the financing policies established in connection with loans made under Section 5 of the Act (exclusive of refrigeration locker plants) shall be as follows:

a. Applications and Loans Division: The Applications and Loans Division shall be responsible for:

- (1) initiating policies and procedures with respect to the terms and conditions of financing and the classes of equipment to be financed and making recommendations to the Administrator in connection therewith, coordinating, in that respect, the recommendations of other REA staff members and divisions;
- (2) guidance and assistance to borrowers with respect to the formulation and application of financing plans and policies, including the establishment of Credit Committees;
- (3) receipt and review of applications for loans and making recommendations with respect to allocations;
- (4) getting the loan documents signed;
- (5) establishment of loan budgets to show categories for which funds are allocated;
- (6) review of borrowers' reports on consumer loans, particularly with reference to the number, amounts and types of loans; and
- (7) approval or disapproval of a borrower's request for an advance of funds and informing the Finance Division accordingly.

b. Management Division: The Management Division shall be responsible for:

- (1) making analysis of delinquencies of consumer installment accounts in its review of borrowers' monthly reports;



- (2) guidance and assistance to borrowers with respect to the over-all management aspects of the program, particularly concerning the preparation for and maintenance of records, the collection of consumer accounts, delinquent consumer accounts, standards with respect to reserves for uncollectable consumer obligations, and the processing of payments by the consumer to the borrower and the payment of the loan by the borrower;
  - (3) approval of the "write-off" of uncollectable consumer obligations;
  - (4) providing information currently to the Applications and Loans Division regarding the application of the borrowers' financing plans and policies, particularly with respect to delinquencies in payments of consumer installment obligations.
- c. Finance Division: The Finance Division shall be responsible for:
- (1) review and certification of requisitions and advances of funds;
  - (2) maintenance of REA records of loan transactions with borrowers;
  - (3) establishment of accounting procedures for guidance of borrowers and auditing of borrowers' records;
  - (4) informing the Applications and Loans and Management Divisions regarding delinquencies of the borrowers' payments with respect to loans.
- d. Office of the Solicitor, Rural Electrification Division: The Office of the Solicitor shall be responsible for handling all legal work in connection with loans made pursuant to Section 5 of the Act and shall keep borrowers' attorneys appropriately informed on all legal matters in connection therewith, including correspondence with such attorneys at the time loan documents are sent to borrowers and any subsequent correspondence concerning legal matters necessary to assure prompt and adequate execution of the documents.
2. This Memorandum supersedes all other existing instructions in conflict with the provisions of this Memorandum.

*Claude R. Wickard*

Administrator

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Responsibilities for Execution of (re-run Sept. 1949)